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LSG 1574

(Contracts)
Ch. Accounting /

OGC Has Reviewed

TO : Chief, Procurement Division

SUBJECT: Inquiries Re: (1) Continuance of Work on Contracts
Involving Lapsed Appropriations and (2) The Use
of Expired Funds

1. You have recently inquired whether it is possible for our contractors to continue working beyond 30 June 1956 on a Fiscal Year 1954 contract and for us to continue to pay for this work from Fiscal Year 1954 funds. The following information is presented in response to this inquiry:

a. In the case of vouchered funds, any payment made after 30 June 1956 must be made by the Comptroller General if Fiscal Year 1954 funds are to be used. The Comptroller General may pay for (a) work performed prior to 30 June 1956 but remaining unbilled or unpaid for on 30 June 1956, and (b) work performed after 30 June 1956 so long as the original scope of the work remains unchanged and the dollars originally obligated are not exceeded.

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d. In summary, payments to contractors under contracts obligated against 1954 (or any other lapsed year) funds, whether vouchered or Confidential Funds are used, may be made:

(1) For work performed prior to the close of the fiscal year involved; or

(2) For work performed after 30 June provided the work was covered by the original scope of the contract and payment for the work will not result in payments in excess of the amount originally obligated under the contract.

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2. You have also inquired whether it is possible to obligate expired funds (for example the current obligation of 1955 fiscal year funds) to pay for the work done as a result of adding to the scope of work to be performed on a contract placed during the Fiscal Year 1954.

The law and CIA regulations provide that funds appropriated for any particular fiscal year must be obligated within that fiscal year or the unobligated portion will expire. Therefore, at the present time no further obligations may be incurred using 1955 fiscal year money.

3. The extending of the time of performance of a contract placed in the Fiscal Year 1954 has no effect on the amount of the obligations. Such extensions, if approved by the contracting officer, are acceptable and payments under extended contracts are made under the above policies regarding availability of funds.

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Chief, Finance Division

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CONCURRENCE:

[Redacted Signature]

General Counsel

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(5/21/56)

(26 July 1956)

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